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SUBJECT: CODEL FEINGOLD DISCUSSES PAKISTAN, NUCLEAR DEAL,
TERRORISM AND BURMA WITH SPECIAL ENVOY SARAN

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

¶1. (C) Summary: Special Envoy to the Prime Minister Shyam Saran told Senator Russ Feingold May 29 that India hoped to use its relative economic prosperity to promote the integration of South Asia. Saran expressed hope that the Indian government would soon submit the safeguards agreement to the IAEA Board of Governors, but acknowledged that time was not on India's side. Regarding the challenge of combating global terrorism, Saran lamented that there is more cooperation among the jihadi groups than the countries that face their attacks. End Summary.

Harley Davidson in India?

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¶2. (C) Senator Feingold began the May 29 meeting with Special Envoy to the Prime Minister Shyam Saran by asking him about Harley Davidson tariff reduction possibilities, noting that while the Special Envoy was not the main person on this issue, he wanted to raise it nonetheless. Saran said he would pass it along to the Commerce and Finance Ministers.

Saran Promotes Regional Integration

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¶3. (C) In a May 29 meeting with Senator Russ Feingold, Special Envoy to the Prime Minister Shyam Saran described the Indian effort to use its economic development to transform the South Asian region. He related that India hoped "to leverage its dynamic growth and liberalization to give its neighbors a stake in the Indian economy." Such regional integration would lessen historical tensions in the region and provide a better platform to deal with the challenges in the region. He recalled that India had at first dismissed the South Asian Association for Regional Cooperation (SAARC) as a forum for the smaller nations in the region to gang up against India. However, he pointed out, India now acts as a leader in SAARC by pushing for more "cross-border connections," such as an economic union and common currency.

Lines on Map Might Remain, But Linkages Will Increase with Pakistan

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¶4. (C) Senator Feingold remarked that during his May 28 visit to Pakistan he found little hostility to India, and in fact a "hunger for trade." Saran noted that Prime Minister Singh has put forward an effort which acknowledges that "we cannot erase lines on a map." Rather, Saran explained, the Indian government seeks to transcend those lines by "allowing the

natural flow and celebrating the cultural affinity between both sides." "We have come a fair distance, but have not entirely succeeded yet," he assessed.

Nuclear Deal Will Get Done, But Must First Convince the Left

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15. (C) Senator Feingold asked about the prospects for movement on the civil nuclear cooperation initiative in India, given the obstacles presented by the government's Communist allies. Saran replied, "We are not looking at the possibility of the agreement not going through." He noted that both the U.S. and India have invested time and energy into the initiative, which would allow India "to join the nuclear mainstream in a substantive manner and contribute to global nonproliferation." He stressed the government's commitment to completing its steps, and its determination to persuade the Left not to stand in the way. He acknowledged that as the government stalls, the uncertainty increases. Senator Feingold expressed his concerns about the impact of the agreement, should it pass, on the broader nonproliferation regime, and recalled that Democrats faced a difficult decision in December 2006 during the vote on the Hyde Act. "We are conscious of the timeline; we have to get our act together," Saran responded. Asked how the government planned to get past the Left, Saran assured the Senator of the political leadership's "strong commitment to get this through."

Counter-Terrorism Requires More Cooperation

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15. (C) Asked about collaborative U.S.-India counter-terrorism activities, Saran commented that the challenge of terrorism "ought to bring India and the U.S. closer together." He noted that the Indian government has advocated treating cross-border terrorism from Pakistan as a regional and global issue rather than a local matter because the terrorist groups active in India, such as Lashkar-e-Taiba (LET), Harkat-ul-Jihadi Islami (HUJI) and Jaish-e-Muhammad (JEM), have linkages with the Taliban and Al Qaeda. While Saran acknowledged that Pakistan has promised to deal with the issue, he complained that most countries have disregarded the regional connections. For instance, he pointed out, while Indian information linking Bangladesh has been disdained in the past as "India not liking the Bangladeshis," the terrorists captured in south Thailand received training in Bangladesh, where the HUJI has its base of operations. "There is more international cooperation among jihadi groups than the countries facing them," he asserted. "We cannot have a segmented war against terrorism." Senator Feingold remembered that in the hours after September 11, 2001 he thought that India must play a key role in fighting terrorism, but seven years later, "we are not there yet." Both Saran and Senator Feingold agreed that the fight against terrorism could not only be a manhunt.

India Prefers Engagement With Burma to Isolation

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16. (C) Senator Feingold turned to the situation in Burma. Saran, who had served as ambassador to Burma for four years, described the Indian effort to encourage greater engagement. "We felt if change comes, it would not be by isolating but by engaging and exposing" the Burmese, Saran explained. Senator Feingold noted that India had not always followed such a policy. Saran conceded that India had supported the 1988 elections and Aung San Suu Kyi, but found itself shut out of the country while China "utilized the window of opportunity." The 1400-kilometer border with Burma, the four sensitive northeastern states along the border, and the strategic importance of the Bay of Bengal have also driven India to engage with Burma, Saran said. Senator Feingold related that the U.S. Congress has voted for sanctions against the Burmese

regime. Saran countered that sanctions would only have an effect if Burma had ties with the U.S. "Unless there is an interdependency built up, what could sanctions do?" he asked.

Comment: Saran Remains Go-To Guy in the Indian Government

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¶7. (C) Delving beyond his original writ to complete the nuclear initiative, Saran has become the all-purpose special envoy to Prime Minister Singh, who has given him added responsibilities including climate change, Nepal and India-Pakistan. His conversation with Senator Feingold reveals that he remains active in shaping India's foreign policy, particularly the emergence of India as a responsible, trusted regional partner. However, like the nuclear initiative, India's domestic political difficulties have hampered the government's ability to work with its still suspicious neighbors. While Prime Minister Singh has presided over a period of lessening distrust among the South Asian nations and a period of calm between India and Pakistan, the Indian government has done little to alleviate the instability that still plagues the region.

¶8. (SBU) This cable was cleared by Codel Feingold.
MULFORD